

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 ITC-01 AID-05 CIAE-00
COME-00 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00
XMB-04 OPIC-06 SP-02 LAB-04 EPG-02 SIL-01 OMB-01
L-03 /070 W

-----301459Z 128951 /40

R 301350Z MAY 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 1909

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS BRASILIA 4180

REF: STATE 120865

FOLLOWING MESSAGE DRAFTED BY AGATT AND SENT TOFAS BEING REPEATED
TO SECSTATE, RIO DE JANEIRO AND SAO PAULO.

QUOTE

UNCLAS BRASILIA 4180

TOFAS 126

FROM AGATT, BRASILIA

FOR AHOLZ, OILSEEDS PLUS PRODUCTS/FCA

RE: SOYBEAN EXPORTS

1. A NUMBER OF GOVERNMENT OFFICIALS AND SOYBEAN TRADE OFFICIALS
HAVE EXPRESSED CONCERN IN RECENT DAYS REGARDING THE SLOW EXPORT
MOVEMENT OF SOYBEANS AND PRODUCTS. THEY BELIEVE EXPORT SALES
SHOULD BE STEPPED UP SHRPLY TO TAKE ADVANTAGE OF CURRENT VERY
HIGH WORLD PRICES.

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2. THE FOLLOWING IS A TRANSLATION OF PART OF AN ARTICLE WHICH
APPEARED IN THE MAY 23 ISSUE OF THE JORNAL DO BRASIL, A LEEADING
RIO NEWSPAPER. BEGIN TEXT: A CAUSE FOR CONCERN TO PRODUCERS AND
EXPORTERS HAS BEEN THE DELAY WITH WHICH SOYBEANS ARE BEING SOLD
FOR EXPORT. "WE SHOULD HAVE SOLD 70 PERCENT OF OUR CROP, BUT WE
HAVE THUS FAR SOLD ONLY 35 PERCENT", SAID THE PRESIDENT OF COTRIJUI,

RUBENS ILGENFRITZ IN PORTO ALEGRE YESTERDAY. ILGENFRITZ ALSO SAID:
"BECAUSE OF THE BEST PERIOD FOR MARKETING HAS BEEN MISSED".
HE DOES NOT BELIEVE THE MARKET WILL RETURN TO ITS PREVIOUS PRICE
LEVELS. PAULO VIANNA, WHO IS THE DIRECTOR OF THE COMMISSION FOR
PRODUCTION FINANCING (CFP), SHARE THIS SAME OPINION.
MEANWHILE, PRODUCERS AND EXPORTERS SEEM TO BET ON THE POSSIBILITY
OF A REDUCTION IN THE CONTRIBUTION QUOTA IF PRICES RETURN TO LEVELS
BELOW US\$350 PER TON. SOYBEAN QUOTATIONS HAVE BEEN FLUCTUATING
BETWEEN US\$3550 AND US\$355 PER TON IN CHICAGO. SINCE THE CONTRIBUTION
QUOTA WAS INCREASED TO 12 PERCENT WHEN THE PRICES HIT THE US\$350
MARK, THERE ARE PEOPLE WHO BELIEVE IT WILL RETURN TO ITS PREVIOUS
LEVEL OF 7 PERCENT IF THE PRICE FALLS TO LEVELS A LITTLE LOWER.
IT IS OBVIOUSLY BETTER TO SELL FOR US\$349 PER TON WITH CONTRIBUTION
OF 7 PERCENT THAN FOR US\$351 WITH CONTRIBUTION OF 12 PERCENT. THUS,
THERE ARE MANY HOLDING BACK THEIR SOYBEANS. END TEXT.

3. RUBENS ILGENFRITZ, PRESIDENT OF COTRIJUI, IS A WELL KNOWN
AND INFLUENTIAL AGRICULTURAL LEADER IN SOUTHERN BRAZIL. PAULO
VIANNA, DIRECTOR OF THE MINISTRY OF AGRICULTURE'S PRODUCTION FINANCE
COMMISSION IS A HIGHLY RESPECTED AND WELL KNOWN GOVERNMENT OFFICIAL.
UNQUOTE.
CRIMMINS

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NNN

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